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FILED

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**SECRETARY, BOARD OF
OIL, GAS & MINING**

Attorneys for Wells Fargo Bank, N.A.

**BEFORE THE BOARD OF OIL, GAS & MINING,
DEPARTMENT OF NATURAL RESOURCES,
STATE OF UTAH**

NOTICE OF AGENCY ACTION FOR AN ORDER FORFEITING TO THE STATE OF UTAH ALL INTERESTS IN THE CERTIFICATE OF DEPOSIT #8517289131 IN THE AMOUNT OF \$40,000.00 BEING HELD BY WELLS FARGO BANK FOR AND ON BEHALF OF THE STATE OF UTAH; AND OFRFEITING TO THE STATE OF UTAH THE SURETY BOND OKC605A213 IN THE AMOUNT OF \$8000,000 PROVIDED BY AMERICAN SAFETY CASUALTY INSURANCE COMPANY; AND DIRECTING THE DIVISION TO USE THE SUMS FORFETED FOR THE PLUGGING AND ABANDONMENT OF THE FOLLOWING WELLS OPERATED BY QUAECO LLC, CRANE 4-4; CRANE 12-4; STACEY HOLLOW 14-35; MURPHY RIDGE 1-32; AND CRANE 16-6 LOCATED IN RICH COUNTY, UTAH.

**RESPONSE OF WELLS FARGO
BANK, N.A. TO NOTICE OF
AGENCY ACTION**

Docket No.: 2014-013
Cause No. 281-01

Wells Fargo Bank, N.A. ("Wells Fargo"), by and through its attorneys Ray, Quinney & Nebeker P.C., hereby responds to the Notice of Agency Action filed by the Division of Oil, Gas & Mining Division, of the State of Utah ("Oil & Gas Div.") as follows:

1. Responding to the Statement of Facts, Wells Fargo lacks information concerning the allegations of facts set forth by the Oil & Gas Div. and on that basis, Wells Fargo neither admits nor denies such allegations as are contained in paragraphs 1 through and including 16, except as further set forth below:

- a. Wells Fargo admits that such fund is subject to the jurisdiction of the Oil & Gas Div.;
- b. Wells Fargo admits that it holds funds in the amount of \$40,000.00, pursuant to the deposit contract evidenced by that Certificate of Deposit #8517289131, pledged as collateral security for the obligations of the account party to the Oil & Gas Div.;
- c. Wells Fargo admits that it received a judgment levy from and adverse party claimant assessing the deposits of Quaneco LLC;
- d. Wells Fargo admits that such levy was declined and was unpaid due to the priority of the pledge of such deposits to the Oil & Gas Div.; and
- e. Wells Fargo is informed and believes that the account party is unable or unwilling to satisfy its obligations to its creditors (including the Oil & Gas Div.) exposing Wells Fargo to adverse claims to the same fund.

PRAYER FOR RELIEF

WHEREFORE, Wells Fargo is subject to competing claims to the fund (Certificate of Deposit #8517289131), and Wells Fargo is entitled to an adjudication of the priority claim of the

Oil & Gas Div. to such fund, being exposed to inconsistent judicial orders and multiple claims to the same fund,

WHEREUPON, Wells Fargo hereby tenders such fund in the principal sum of \$40,000.00, to the State of Utah, Department of Natural Resources, Division of Oil, Gas & Mining, subject to the further findings and orders of the Board of Oil, Gas & Mining, provided that:

1. Such other and further creditors or claimants seeking levy upon such fund be joined as involuntary parties defendant whose claims to such fund are adverse to the claims of the Oil & Gas Div.

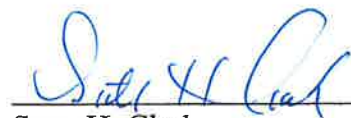
2. The Board of Oil, Gas & Mining adjudicate the priority of the claims of such other adverse parties to such fund, thereby to:

a. Acquit, discharge and wholly release Wells Fargo from further liability to the account party, to the Oil & Gas Div. and to such other adverse parties who do now or who may in the future make claim to such funds.

3. Such other and further relief as this Board may deem merited in this proceeding.

DATED this 5th day of March, 2014.

RAY QUINNEY & NEBEKER P.C.



Scott H. Clark

Attorneys for Wells Fargo Bank, N.A.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing RESPONSE OF WELLS FARGO BANK, N.A. TO NOTICE OF AGENCY ACTION was sent via hand-delivery to the following this 5th day of March, 2014:

Steven F. Alder
Kassidy Wallin
Utah Division of Oil, Gas and Mining
1594 West North Temple, #300
Salt Lake City, Utah 84116

Utah Board of Oil, Gas, and Mining
1594 West North Temple, #1210
Salt Lake City, Utah 84116

